

House Study Bill 680 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON THOMAS)

A BILL FOR

- 1 An Act authorizing creation of consumption tax bonding
- 2 districts and providing for the issuance of bonds secured by
- 3 certain tax revenues collected within a district.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15F.103, Code 2009, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 5. Review, evaluate, and approve proposed
4 and amended plans for consumption tax bonding districts
5 pursuant to sections 418.4 and 418.5.

6 Sec. 2. NEW SECTION. 418.1 Short title.

7 This chapter shall be known and cited as "*The Consumption Tax*
8 *Bonding Act*".

9 Sec. 3. NEW SECTION. 418.2 Definitions.

10 For purposes of this chapter, unless the context otherwise
11 requires:

12 1. "*Base year*" means the fiscal year ending during the
13 calendar year in which an ordinance establishing a consumption
14 tax bonding district is adopted pursuant to the provisions of
15 this chapter.

16 2. "*Board*" means the vision Iowa board created pursuant to
17 section 15F.102.

18 3. "*Consumption tax*" means the sales and services tax
19 imposed pursuant to section 423.2 or a tax imposed by a
20 municipality upon the sales price of the rental of lodging
21 pursuant to chapter 423A or upon the sales price of the sale
22 or rental of personal property and the furnishing of services
23 pursuant to chapter 423B.

24 4. "*Designated portion*" means the amount of an increment
25 that a municipality has authorized by resolution to be expended
26 for one or more of the purposes described in this chapter.

27 5. "*District*" means an area within an eligible municipality
28 designated as a consumption tax bonding district pursuant to
29 section 418.4.

30 6. "*Eligible municipality*" means a municipality meeting the
31 requirements of section 418.3.

32 7. "*Fund*" means the consumption tax increment fund created
33 pursuant to section 418.7.

34 8. "*Governing body*" means the board of supervisors, city
35 council, or other body in which the legislative powers of the

1 municipality are vested.

2 9. "*Increment*" means the amount of a district's consumption
3 tax receipts that is in excess of the amount of that district's
4 consumption tax receipts for the same month in the base year,
5 as calculated by the department of revenue pursuant to section
6 418.6.

7 10. "*Lessor*" has the same meaning as defined in section
8 423A.2.

9 11. "*Lodging*" has the same meaning as defined in section
10 423A.2.

11 12. "*Municipality*" means a county or an incorporated city.

12 13. "*Project*" means a vertical improvement to be constructed
13 or improved within a district financed pursuant to this
14 chapter.

15 14. "*Retail establishment*" means a business operated by a
16 retailer as defined in section 423.1.

17 15. "*Transportation infrastructure*" means structures and
18 other improvements used to convey people or goods from point to
19 point for purposes of commerce or recreation and includes but
20 is not limited to highways, roads, streets, alleys, railways,
21 and bike paths.

22 16. "*Vacant land*" means land in a proposed district that is
23 not occupied by a vertical improvement.

24 17. "*Vertical improvement*" means a structure that is wholly
25 or partially above ground. Vertical improvement includes
26 buildings and other appurtenant structures.

27 18. "*Waterway*" means a navigable body of water and includes
28 but is not limited to streams, rivers, lakes, ponds, and
29 canals.

30 Sec. 4. NEW SECTION. 418.3 Eligible municipalities.

31 1. A municipality meeting the requirements of this section
32 shall be eligible to establish a district pursuant to section
33 418.4 and to issue bonds pursuant to section 418.9.

34 2. To be eligible, a municipality shall demonstrate the
35 existence of all of the following conditions:

1 *a.* An area suitable for development exists within
2 the boundaries of the municipality. To be suitable for
3 development, the area shall meet all of the following
4 requirements:

5 (1) The area shall consist of four hundred or more
6 contiguous acres of land that are entirely within the
7 boundaries of the municipality. An area may be bisected
8 by transportation infrastructure or waterways and still be
9 considered contiguous.

10 (2) At least ninety percent of the land in the area shall
11 be vacant land.

12 (3) The area shall consist only of parcels of real property
13 that the governing body determines will be directly and
14 substantially benefited by the proposed district.

15 (4) The area shall not include any part of a quality
16 jobs enterprise zone designated pursuant to section 15A.9 or
17 any part of an economic development enterprise zone created
18 pursuant to section 15E.192.

19 *b.* A proposed plan for the district has been developed. The
20 proposed plan shall meet the requirements of section 418.4.

21 Sec. 5. NEW SECTION. **418.4 District establishment.**

22 1. The governing body of an eligible municipality may
23 by ordinance establish a district for purposes of financing
24 projects pursuant to this chapter.

25 2. *a.* A municipality seeking to establish a district
26 shall adopt a resolution finding that an area suitable for
27 development exists within the municipality and stating the
28 governing body's intent to create a consumption tax bonding
29 district and adopt a plan for the district. The resolution
30 shall include a proposed district plan. The proposed district
31 plan shall include all of the following:

32 (1) A legal description of the real estate forming the
33 boundaries of the area to be encompassed by the district along
34 with a map depicting the existing parcels of real estate within
35 the proposed district.

1 (2) A list of the names and addresses of the owners of
2 record of the parcels to be included within the district.

3 (3) A list of all projects proposed to be undertaken within
4 the district, a detailed description of those projects, and a
5 project plan for each project. Each project included in the
6 list of projects shall independently meet the requirements of
7 section 418.5.

8 (4) An economic impact study conducted by an independent
9 economist retained by the municipality.

10 (5) The date and time of a public hearing to be conducted by
11 the municipality on the proposed plan and establishment of the
12 proposed district.

13 *b.* The projects listed in the proposed plan pursuant to
14 paragraph "a", subparagraph (3), shall, in combination, do all
15 of the following:

16 (1) Total a capital investment of fifty million dollars.

17 (2) Create at least two hundred permanent new jobs.

18 (3) Generate at least twenty-five million dollars in annual
19 gross revenue.

20 *c.* The economic impact study required in paragraph "a",
21 subparagraph (4), shall, at a minimum, do all of the following:

22 (1) Contain a detailed analysis of the financial benefit
23 of the proposed district to the economy of the state and the
24 municipality.

25 (2) Identify a projected market area within which the
26 district can reasonably be expected to have an economic impact.

27 (3) Assess the fiscal and financial impact of the proposed
28 district on other economic development projects or businesses
29 within the projected market area.

30 3. Notice of the public hearing, along with a copy of
31 the resolution and a summary of the proposed plan, shall be
32 published pursuant to section 331.305 or 362.3, as applicable.
33 Upon the conclusion of the public hearing, the governing body
34 of the municipality may adopt the initial proposed plan or an
35 amended proposed plan for the district.

1 4. *a.* The municipality shall submit a copy of the
2 resolution, proposed plan, and accompanying materials adopted
3 pursuant to this section to the board for review and approval.

4 *b.* The board shall evaluate the municipality's proposed
5 plan for the district and shall approve the establishment of
6 the district if the board determines that both of the following
7 conditions are met:

8 (1) The municipality is an eligible municipality pursuant
9 to section 418.3.

10 (2) Projects completed within the district will have a
11 substantial beneficial impact on the economy of the state and
12 the municipality.

13 5. Upon receiving the approval of the board, a municipality
14 seeking to establish a district may adopt an ordinance
15 establishing the district and shall notify the director of
16 revenue of the establishment of the district.

17 Sec. 6. NEW SECTION. **418.5 Project approval.**

18 1. A municipality may use the moneys in the special fund
19 created by a municipality pursuant to section 418.8 to fund the
20 development of projects within a district established pursuant
21 to section 418.4 if such projects meet the requirements of this
22 section.

23 2. A municipality may amend the district plan to add
24 additional projects. All such additional projects are subject
25 to approval by the board.

26 3. *a.* For each project to be developed within the district,
27 the municipality shall submit a project plan to the board.

28 *b.* Each project plan shall include a project feasibility
29 study conducted by an independent professional with expertise
30 in economic development and public finance. The feasibility
31 study shall project and analyze the following:

32 (1) The amount of gross revenues expected to be collected
33 in the district as a result of the project for each year of the
34 bond maturation period.

35 (2) A detailed explanation of the manner and extent to which

1 the project will contribute to the economic development of the
2 state and the municipality.

3 (3) An estimate of the number of visitors or customers the
4 project will generate during each year of the bond maturation
5 period.

6 (4) A description of the unique characteristics of the
7 project.

8 (5) An analysis of the project's economic impact. The
9 analysis shall include the same components and be conducted in
10 the same manner as the economic impact study required under
11 section 418.4.

12 c. Each project plan shall clearly state the cost of the
13 project and the amount of public debt to be incurred for
14 purposes of funding the project.

15 4. The board shall review the municipality's project
16 plan and evaluate the feasibility of the project. The board
17 shall approve a project plan if the plan demonstrates that the
18 project will contribute significantly to the economy of the
19 state and the municipality and that the project's proposed
20 funding is feasible.

21 Sec. 7. NEW SECTION. **418.6 Increased revenue calculation.**

22 1. The department of revenue shall calculate monthly
23 the amount of increased tax revenues to be deposited in the
24 consumption tax increment fund pursuant to the following
25 provisions:

26 a. Section 423.2, subsection 11, paragraph "a", subparagraph
27 (2).

28 b. Section 423A.6, subsection 4, paragraph "b".

29 c. Section 423B.7, subsection 1, paragraph "c".

30 2. The department of revenue shall calculate the amount of
31 the increase for purposes of subsection 1 as follows:

32 a. Determine the amount of consumption tax revenue collected
33 in the area comprising the district during the corresponding
34 month in the base year by adding together the following:

35 (1) The amount of state sales and use tax revenue collected

1 by the department from retail establishments located in the
2 district.

3 (2) The amount of local sales and services tax revenue
4 collected by the department from retail establishments located
5 in the district.

6 (3) The amount of local hotel and motel tax revenue
7 collected by the department from lessors of lodging located in
8 the district.

9 b. Determine the amount of consumption tax revenue collected
10 in the area comprising the district during the corresponding
11 month in each subsequent calendar year by adding together the
12 revenues from the same sources specified in paragraph "a".

13 c. Subtract the base year monthly amount determined in
14 paragraph "a" from the subsequent calendar year monthly amount
15 determined in paragraph "b".

16 d. The result of the calculation in paragraph "c", to the
17 extent that the total amount of revenue in all months of each
18 subsequent year exceeds the total amount of revenue in all
19 months of the base year, shall constitute the total yearly
20 amount of increased revenues for purposes of subsection 1.

21 Sec. 8. NEW SECTION. 418.7 Consumption tax increment fund.

22 1. A consumption tax increment fund is established in
23 the office of treasurer of state consisting of the following
24 moneys:

25 a. The amount of the increased state sales and services
26 tax revenues collected by the department of revenue within the
27 district and deposited in the fund pursuant to section 423.2,
28 subsection 11, paragraph "a", subparagraph (2).

29 b. The amount of the increased local hotel and motel tax
30 revenues collected by the department of revenue within the
31 district and deposited in the fund pursuant to section 423A.6,
32 subsection 4, paragraph "b".

33 c. The amount of the increased local option sales and
34 services tax revenues collected by the department of revenue
35 within the district and deposited in the fund pursuant to

1 section 423B.7, subsection 1, paragraph "c".

2 2. The department of revenue shall credit to the fund the
3 moneys described in subsection 1 beginning the first day of the
4 second full month following adoption of an ordinance pursuant
5 to section 418.4.

6 3. An account is created within the fund for each
7 municipality that has established a district pursuant to
8 section 418.4.

9 4. a. All moneys in the accounts of the fund shall
10 be remitted monthly by the department of revenue to each
11 municipality in the amount collected within the district.

12 b. The department of revenue shall adopt rules for the
13 remittance of moneys to municipalities.

14 Sec. 9. NEW SECTION. **418.8 Special fund of municipality.**

15 1. Consumption tax revenue received by a municipality
16 pursuant to this chapter shall be deposited in a special fund
17 of the municipality created for purposes of this chapter
18 and shall be used to fund projects within the district and
19 to pay principal and interest on bonds issued pursuant to
20 section 418.9. If the municipality determines that the
21 revenue accruing to the fund exceeds the amount necessary for
22 these purposes, then moneys derived from a locally imposed
23 tax not necessary for reserves or pledged to fund additional
24 projects in the district shall be applied by the municipality
25 in reduction of property taxes, and moneys derived from a
26 state imposed tax shall be remitted by the municipality to the
27 department of revenue for deposit in the general fund of the
28 state.

29 2. In addition to the moneys received pursuant to section
30 418.7, subsection 1, a municipality may deposit in the special
31 fund any other consumption tax revenues received by it pursuant
32 to the distribution formula in section 423B.7, subsections 3,
33 4, and 5, and any other moneys lawfully at the municipality's
34 disposal.

35 Sec. 10. NEW SECTION. **418.9 Bond issuance.**

1 1. *a.* A municipality receiving consumption tax revenues
2 pursuant to this chapter may issue bonds that are payable from
3 revenues deposited in the municipality's special fund created
4 pursuant to section 418.8.

5 *b.* A municipality may pledge irrevocably to the payment
6 of the bonds an amount of revenue derived from the designated
7 portions for each of the years the bonds remain outstanding.

8 *c.* A municipality may issue bonds only for purposes of
9 funding projects in the district.

10 2. *a.* If a municipality elects to authorize the issuance of
11 bonds payable as provided in this section, the governing body
12 of the municipality shall follow the authorization procedures
13 set forth in section 384.83.

14 *b.* A municipality may issue bonds for the purpose of
15 refunding outstanding and previously issued bonds under this
16 subsection without otherwise complying with the notice and
17 hearing provisions of this subsection.

18 3. If consumption taxes have been in effect for less
19 than four calendar quarters, the tax collected within the
20 shorter period may be adjusted to project the collections of
21 the designated portion for the full year for the purpose of
22 determining the amount of the bonds which may be issued.

23 4. *a.* The provisions of this section constitute separate
24 authorization for the issuance of bonds and shall prevail in
25 the event of conflict with any other provision of the Code
26 limiting the amount of bonds which may be issued or the source
27 of payment of the bonds.

28 *b.* Bonds issued under this section shall not limit or
29 restrict the authority of the municipality to issue bonds under
30 other provisions of the Code.

31 5. *a.* Bonds issued pursuant to this section shall
32 not constitute an indebtedness within the meaning of any
33 constitutional or statutory debt limitation or restriction,
34 and, except as otherwise provided in this section, shall not be
1 subject to the provisions of any other law or charter relating

2 to the authorization, issuance, or sale of bonds.

3 *b.* Bonds issued pursuant to this section are declared to be
4 issued for an essential public and governmental purpose.

5 *c.* The bonds may be issued in one or more series and shall
6 comply with all of the following:

7 (1) The bonds shall bear the date of issuance.

8 (2) The bonds shall specify one of the following:

9 (a) Whether they are payable on demand.

10 (b) The time of maturity.

11 (3) The bonds shall bear interest at a rate not exceeding
12 that permitted by chapter 74A.

13 (4) The bonds shall be in a denomination or denominations,
14 be in the form, have the rank or priority, be executed in
15 the manner, be payable in the medium of payment, at the
16 place or places, be subject to the terms of redemption, with
17 or without premium, be secured in the manner, and have the
18 other characteristics, as may be provided by the resolution
19 authorizing their issuance.

20 *d.* The bonds may be sold at public or private sale at a
21 price as may be determined by the governing body.

22 Sec. 11. NEW SECTION. 418.10 **District dissolution.**

23 1. A municipality may by ordinance provide for the
24 dissolution of a district. However, a municipality shall
25 not dissolve a district until the debt incurred through the
26 issuance of bonds pursuant to this chapter has been retired.

27 2. Upon the adoption of an ordinance pursuant to this
28 section, the municipality shall notify the director of revenue
29 of the dissolution of the district.

30 3. Upon the receipt of notification pursuant to subsection
31 2, the department of revenue shall cease to credit municipal
32 consumption tax revenues to the fund.

33 4. Upon the dissolution of a district, the consumption
34 taxes collected under chapter 423A or chapter 423B
35 within the area formerly comprising the district shall be
1 thereafter administered, and the tax revenues distributed to

2 municipalities, in the same manner as if the district had not
3 been established.

4 Sec. 12. Section 423.2, subsection 11, Code 2009, is amended
5 to read as follows:

6 11. *a.* (1) All revenues arising under the operation of the
7 provisions of this section shall be deposited into the general
8 fund of the state.

9 (2) Subsequent to the deposit into the general fund of
10 the state, the director shall credit an amount equal to four
11 cents of every dollar of the amount of the increase in sales
12 tax receipts, as computed in section 418.6, collected in a
13 consumption tax bonding district established pursuant to
14 section 418.4, into an account created for that city or county
15 in the consumption tax increment fund created in section 418.7.
16 The director shall deposit the tax receipts beginning the first
17 day of the second full month following adoption of an ordinance
18 pursuant to section 418.4.

19 *b.* Subsequent to the deposit into the general fund of the
20 state ~~and after the transfer of such~~ pursuant to paragraph "a",
21 the department shall do the following in the order prescribed:

22 (1) Transfer the revenues collected under chapter 423B, ~~the~~
23 ~~department shall transfer.~~

24 (2) Credit that portion of the sales tax receipts described
25 in paragraph "a", subparagraph (2).

26 (3) Transfer one-sixth of ~~such~~ the remaining revenues to the
27 secure an advanced vision for education fund created in section
28 423F.2. This ~~paragraph~~ subparagraph is repealed December 31,
29 2029.

30 Sec. 13. Section 423A.6, Code 2009, is amended to read as
31 follows:

32 **423A.6 Administration by director.**

33 1. The director of revenue shall administer the state and
34 local hotel and motel tax as nearly as possible in conjunction
35 with the administration of the state sales tax law, except that
1 portion of the law which implements the streamlined sales and

2 use tax agreement.

3 2. The director shall provide appropriate forms, or provide
4 on the regular state tax forms, for reporting state and local
5 hotel and motel tax liability.

6 3. All moneys received or refunded one hundred eighty days
7 after the date on which a city or county terminates its local
8 hotel and motel tax and all moneys received from the state
9 hotel and motel tax shall be deposited in or withdrawn from the
10 general fund of the state.

11 4. a. The director, in consultation with local officials,
12 shall collect and account for a local hotel and motel tax ~~and~~.
13 Except as provided in paragraph "b", the director shall credit
14 all revenues collected under this paragraph "a" to the local
15 transient guest tax fund created in section 423A.7.

16 b. Notwithstanding paragraph "a", the director shall
17 credit the amount of the increase in local hotel and motel
18 tax receipts, as computed in section 418.6, collected in a
19 consumption tax bonding district established pursuant to
20 section 418.4, into an account created for that city or county
21 in the consumption tax increment fund created in section 418.7.
22 The director shall deposit the tax receipts beginning the first
23 day of the second full month following adoption of an ordinance
24 pursuant to section 418.4.

25 5. Local authorities shall not require any tax permit not
26 required by the director of revenue.

27 6. a. Section 422.25, subsection 4, sections 422.30,
28 422.67, and 422.68, section 422.69, subsection 1, sections
29 422.70, 422.71, 422.72, 422.74, and 422.75, section 423.14,
30 subsection 1, and sections 423.23, 423.24, 423.25, 423.31,
31 423.33, 423.35, 423.37 through 423.42, and 423.47, consistent
32 with the provisions of this chapter, apply with respect to
33 the taxes authorized under this chapter, in the same manner
34 and with the same effect as if the state and local hotel and
1 motel taxes were retail sales taxes within the meaning of those
2 statutes.

3 b. Notwithstanding this paragraph, the director shall
4 provide for quarterly filing of returns and for other than
5 quarterly filing of returns both as prescribed in section
6 423.31.

7 7. The director may require all persons who are engaged in
8 the business of deriving any sales price subject to tax under
9 this chapter to register with the department.

10 8. All taxes collected under this chapter by a retailer or
11 any individual are deemed to be held in trust for the state of
12 Iowa and the local jurisdictions imposing the taxes.

13 Sec. 14. Section 423A.7, subsection 1, Code 2009, is amended
14 to read as follows:

15 1. A local transient guest tax fund is created in the
16 department which shall consist of all moneys credited to such
17 fund under section 423A.6, subsection 4, paragraph "a".

18 Sec. 15. Section 423B.6, subsection 3, Code 2009, is amended
19 to read as follows:

20 3. a. The director, in consultation with local officials,
21 shall collect and account for a local sales and services
22 tax. The director shall certify each quarter the amount of
23 local sales and services tax receipts and any interest and
24 penalties to be credited to the "*local sales and services tax*
25 *fund*" established in the office of the treasurer of state. The
26 revenues from the taxes collected pursuant to this section
27 shall be credited and paid to cities and counties pursuant to
28 section 423B.7.

29 b. All taxes collected under this chapter by a retailer or
30 any individual are deemed to be held in trust for the state of
31 Iowa and the local jurisdictions imposing the taxes.

32 ~~b.~~ c. All local tax moneys and interest and penalties
33 received or refunded one hundred eighty days or more after the
34 date on which the county repeals its local sales and services
35 tax shall be deposited in or withdrawn from the state general
1 fund.

2 Sec. 16. Section 423B.7, subsection 1, Code 2009, is amended

3 to read as follows:

4 1. *a.* Except as provided in ~~paragraph~~ paragraphs "b" and
5 "c", the director shall credit the local sales and services
6 tax receipts and interest and penalties from a county-imposed
7 tax to the county's account in the local sales and services
8 tax fund and from a city-imposed tax under section 423B.1,
9 subsection 2, to the city's account in the local sales and
10 services tax fund. If the director is unable to determine
11 from which county any of the receipts were collected, those
12 receipts shall be allocated among the possible counties based
13 on allocation rules adopted by the director.

14 *b.* Notwithstanding paragraph "a", the director shall
15 credit the designated amount of the increase in local sales
16 and services tax receipts, as computed in section 423B.10,
17 collected in an urban renewal area of an eligible city that has
18 adopted an ordinance pursuant to section 423B.10, subsection
19 2, into a special city account in the local sales and services
20 tax fund.

21 *c.* Notwithstanding paragraph "a", the director shall
22 credit the amount of the increase in local sales and services
23 tax receipts, as computed in section 418.6, collected in a
24 consumption tax bonding district established pursuant to
25 section 418.4, into an account created for that city or county
26 in the consumption tax increment fund created in section 418.7.
27 The director shall deposit the tax receipts beginning the first
28 day of the second full month following adoption of an ordinance
29 pursuant to section 418.4.

30 EXPLANATION

31 This bill allows cities and counties to use increased
32 revenues from certain consumption taxes for purposes of funding
33 the development of projects within specially created districts.

34 The bill provides for the creation of municipal consumption
35 tax bonding districts within which municipalities may issue
1 bonds to fund economic development projects. The bonds may be
2 secured by a portion of the increased state sales and services

3 tax revenues collected in the district, the increased local
4 option sales and services tax revenues, and the increased local
5 hotel and motel tax revenues within the district.

6 To be eligible to create such a district and issue
7 such bonds, a municipality must have an area suitable for
8 development within its boundaries. An area suitable for
9 development must meet the following requirements: (1) the area
10 must be 400 or more contiguous acres in size and be entirely
11 within the boundaries of the municipality; (2) at least 90
12 percent of the land in the area must be vacant land; (3)
13 the area consists only of parcels that will be directly and
14 substantially benefited by the creation of the district; and
15 (4) no portion of the area suitable for development can also be
16 part of an enterprise zone. In addition, the proposed district
17 must include a projected capital investment of at least \$50
18 million, the projects to be developed within the proposed
19 district must generate at least \$25 million in annual revenue,
20 and the projects to be developed within the proposed district
21 must create at least 200 permanent new jobs.

22 The governing body of a municipality seeking to establish
23 a district and issue bonds must adopt a resolution stating
24 its intent to do so. The resolution must include a proposed
25 district plan. The proposed district plan must include the
26 area for the district, the names of the owners of the parcels
27 to be included within it, a list of the projects proposed for
28 the district and a plan for each project. The resolution
29 must also: (1) include a map of the area being proposed for
30 the district; (2) include an economic impact study conducted
31 by an independent economist; (3) make findings that an area
32 suitable for development exists in the municipality; and (4)
33 set the date and time of a public hearing on the establishment
34 of the proposed district. After holding a public hearing on
35 the proposed district plan, the municipality must submit a
1 copy of the resolution, the proposed plan, and accompanying
2 materials to the vision Iowa board for review and approval.

3 A municipality may develop subsequent projects within the
4 district, but each project requires a project plan and is
5 subject to approval by the board. Each project plan must
6 include a project feasibility study conducted by an independent
7 professional with expertise in economic development and public
8 finance. The feasibility study must project and analyze the
9 following: (1) the amount of gross revenues expected to be
10 collected in the district as a result of the project for each
11 year of the bond maturation period; (2) a detailed explanation
12 of the manner and extent to which the project will contribute
13 to the economic development of the state and the municipality;
14 (3) an estimate of the number of visitors or customers
15 the project will generate during each year of the bond
16 maturation period; (4) a description of the project's unique
17 characteristics; and (5) an analysis of the project's economic
18 impact. The analysis must include the same components and
19 be conducted in the same manner as the economic impact study
20 required upon initial establishment. Each project plan must
21 also clearly state the cost of the project and the amount of
22 public debt to be incurred for purposes of funding the project.

23 Once a municipality has established a district, it may
24 bond against the increased consumption tax revenues within
25 the district. To determine the amount of the increase, the
26 department of revenue calculates the amount of tax revenues
27 in the district during the corresponding month of the fiscal
28 year ending during the calendar year the district was first
29 established (the "base year") and the amount of tax revenues
30 during the corresponding month in subsequent years. The
31 department then subtracts the base year amount from the
32 amounts in the subsequent years to arrive at the amount of the
33 increase.

34 The bill creates a consumption tax increment fund within
35 the department of revenue and an account in the fund for each
1 municipality that has created a district. The department
2 credits monthly the amount of the district's increased

3 revenues to the municipality's account. Revenue received by a
4 municipality from the fund must be deposited in a special fund
5 of the municipality and used for funding projects or for the
6 payment of principal and interest on bonds issued to fund the
7 projects. If there are funds in excess of the amount needed,
8 moneys from locally imposed taxes are to be applied toward
9 property tax relief and moneys deriving from a state imposed
10 tax are to be deposited in the general fund.

11 The bill provides for the issuance of bonds by an eligible
12 municipality. In issuing the bonds, the municipality
13 must comply with the revenue bond authorization procedures
14 applicable to cities pursuant to Code section 384.83.

15 Bonds issued pursuant to the provisions of the bill
16 constitute separate authorization for the issuance of bonds and
17 will prevail in the event of conflict with any other provision
18 of the Code limiting the amount of bonds which may be issued
19 or the source of payment of the bonds. Also, bonds issued
20 pursuant to the provisions of the bill do not limit or restrict
21 the authority of the municipality to issue bonds under other
22 provisions of the Code.

23 Bonds issued pursuant to the provisions of the bill do
24 not constitute an indebtedness within the meaning of any
25 constitutional or statutory debt limitation or restriction,
26 and are not subject to the provisions of any other law or
27 charter relating to the authorization, issuance, or sale of
28 bonds. Bonds issued pursuant to the provisions of the bill are
29 declared to be issued for an essential public and governmental
30 purpose.

31 The bill directs the director of revenue to calculate the
32 amount of increased state sales and services taxes, increased
33 local sales and services taxes, and increased local hotel
34 and motel taxes and to credit the increased amounts to the
35 municipality's account in the consumption tax increment fund.

1 These amounts are to be credited beginning the second full
2 month following the creation of a district by a municipality.

H.F. _____

3 Upon the dissolution of a district, the consumption taxes
4 collected within the area formerly comprising the district
5 shall be thereafter administered, and the local consumption tax
6 revenues distributed to municipalities, in the same manner as
7 if the district had not been established.